

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

December 1, 2003
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Degginger, and Councilmembers Creighton, Davidson, Lee, Mosher, and Noble

ABSENT: None.

1. Executive Session

Deputy Mayor Degginger opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 30 minutes to discuss two items of property acquisition.

The Study Session resumed at 6:28 p.m. with Mayor Marshall presiding.

2. Study Session

(a) 2003 Mid-Biennium Budget Recap

City Manager Steve Sarkozy opened staff's presentation of the 2003 mid-biennium budget. The budget update contains no tax increases, no increase in full-time equivalent (FTE) positions, and no utility service rate changes other than those already adopted. The update includes items previously discussed with Council including Development Services fee changes, Capital Improvement Program (CIP) amendments for interest costs and the new City building, and utility billing changes and fee adjustments related to delinquencies and final utility bills.

Finance Director Jan Hawn said adoption of the mid-biennium budget update is scheduled for December 8 and Council will be asked to take action on the following items:

- Mid-biennium budget update
- 2004 Pay Plans
- 2004 Property Tax Levy
- Development Services fees, and
- Utility fees.

Ms. Hawn noted the economic recession continues to have an impact on resources. The proposed 2004 budget is \$118 million compared to the previous figure of \$121.5 million due to a decrease in resources of \$3.5 million. Expenditures have been lowered by \$3.5 million in the following areas to maintain a balanced budget:

- General Salary Adjustment (\$1.3 million)
- Maintenance and operations adjustments (\$1.7 million)
- Health Benefits cost controls (\$104,000)
- Extending the fleet useful life (\$218,000)
- Development Services Improvements (DSI) fee changes (\$187,000).

Ms. Hawn explained that layoffs in Development Services at the beginning of the year and extension of the unemployment compensation period by the federal government resulted in higher than anticipated costs of \$117,000. Funds are available in the General Self-Insurance Fund to cover this expenditure.

Ms. Hawn reviewed two proposed changes in the CIP Plan. One is an adjustment to cover interest and interim financing expenses for the CIP line of credit by reallocating funds from the Metro Site acquisition and Access Downtown projects. The second adjustment is interim appropriations authority for the new City building project.

Nav Otal, Utilities Assistant Director, reviewed proposed fee changes related to utility collections and noted that fees have not been increased since 1980. The budget proposes increasing door tag (for nonpayment) fees from \$6 to \$10, water shut-off fees from \$10 to \$20 for smaller meters and \$20 to \$40 for larger meters, and fees to restore water service from \$10 to \$20 for smaller meters and \$20 to \$40 for larger meters. Proposed new fees are \$10 for a delinquent payment notice and \$10 for a final utility bill. Ms. Otal noted that delinquent notice fees are typical for utilities in other jurisdictions.

Ms. Otal explained a change in sewer billing in which the City no longer pre-bills customers. This has resulted in a one-time budget shortfall of \$1.1 million. Staff recommends reducing the transfer of funds to reserves in 2004 by \$1.1 to cover the shortfall and using revenues generated by delinquent notices to restore the reserves account. It would take approximately 10 years to restore the reserves and the funds would not be needed during that time.

Responding to Mr. Noble, Ms. Otal said staff proposes charging a total of \$50 for the process of hanging a door tag, disconnecting water, and restoring water service. Other jurisdictions charge as follows: Bothell, \$50; Issaquah, \$75; Kirkland, \$40; Seattle, \$54; Redmond, \$25; and Renton, \$20. In further response, Ms. Otal said residents will be notified of the changes through an article in *It's Your City* and a notice in January and February bills.

Staff responded to additional questions of clarification.

Referring to development services, Dr. Davidson described an email he received expressing concern about fees charged related to appeals before the Hearing Examiner. Planning and Community Development Director Matt Terry referenced the proposed development services fee

ordinance on page SS 2-96 of the Council packet, paragraph 17, Definition of Development Service Fee-Based Activity. The paragraph states that fees apply to development services staff work related to appeal hearings and the resolution of appeals, among other items. As options for Council consideration, Mr. Terry said appeal processing costs could be assigned to the General Fund and/or the cost for filing an appeal could be increased to offset some of the costs of processing the appeal. He noted Council's past position to not create barriers to citizens wishing to file appeals.

Responding to Dr. Davidson, Mr. Terry clarified that the developer/applicant pays fees related to staff work for processing an appeal. Dr. Davidson feels appeal-related costs should be covered as a general expense.

Responding to Mr. Creighton, Mr. Terry confirmed that a citizen who files an appeal related to an applicant's proposal pays the filing fee, but the developer/applicant pays the fees related to staff work for processing the appeal.

Mr. Mosher would like to see revised language for paragraph 17 cited above. He expressed concern that even if a developer/applicant's position is affirmed in the appeal, he or she is still responsible for the costs associated with processing the appeal.

Mr. Lee questioned whether the fee (\$10) for a door tag should be the same as for a delinquent notice, reasoning that it likely costs the City more money to deliver a door tag than to mail a notice. He feels the fees should be based on actual costs. Ms. Otal said the fees are based on typical fees in other jurisdictions rather than on actual costs.

Responding to Mayor Marshall, Councilmembers confirmed their desire to see revised language for appeal-related fees. Mr. Lee feels an applicant who prevails in an appeal should not have to pay the associated costs.

Mayor Marshall reviewed the three issues Council would like to discuss further: 1) allocating total development services appeal-related costs to the General Fund, 2) allocating development services appeal-related costs to the General Fund when the applicant appeals, and 3) allocating development services appeal-related costs to the General Fund when the applicant/appellant prevails in the appeal decision.

3. Discussion

(a) Issaquah School District Impact Fee Changes

Land Use Director Carol Helland noted packet materials beginning on page SS 3-1 regarding proposed 2004 impact fees by the Issaquah School District. The proposal increases the single-family dwelling unit impact fee by \$677 to \$4,601 and decreases the multifamily unit impact fee by \$6 to \$699.

Dean Mack, Issaquah School District, explained that impact fees are intended to assist districts with increased housing needs for students and their families. In 12 to 15 years, the Issaquah

School District increased from 7,000 students to approximately 14,000 students. Mr. Mack noted that the number of multifamily units has increased significantly in recent years and the average assessed value has also increased. He reviewed plans to add schools in the coming years and noted the completion of an expansion at Sunset Elementary School, which is in Bellevue's city limits.

Responding to Deputy Mayor Degginger, Mr. Mack said the ninth grade campus to be added is intended to alleviate pressure on the two high schools in the short term. However, in the future (5 to 8 years) it will be used to house middle school grades.

Dr. Davidson noted his ongoing reluctance to support impact fees for schools because he prefers a more broad-based approach to school funding.

Mr. Creighton said his philosophy is similar to Dr. Davidson's, although he understands the need for money for schools. He noted his previous understanding that impact fees would continue to decrease over the years rather than increase. Mr. Mack commented that slowed development due to the economy and the Sunset Interchange project have contributed to the need for increased impact fees this year.

Responding to Dr. Davidson, Mr. Mack said if the impact fees are not approved, the district will not be able to build more schools.

(b) Revisions to Utility Codes Recommended by Environmental Services Commission

Utilities Director Lloyd Warren noted packet materials beginning on page SS 3-27 regarding proposed amendments to the Water, Sewer, and Storm and Surface Water Utility Codes as recommended by the Environmental Services Commission. The Codes were last amended in 1995. He highlighted items related to consolidating some permits, eliminating some licenses, simplifying code requirements, enforcement clarifications, and general housekeeping revisions.

Mr. Mosher expressed support for the proposal to streamline the permitting process. Mayor Marshall concurred.

At 7:30 p.m., Mayor Marshall declared recess to a reception honoring retiring Councilmember Mike Creighton.

Myrna L. Basich
City Clerk

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